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BROCADE COMMUNICATIONS SYSTEMS, INC.

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11
12 IN RE BROCADE COMMUNICATIONS
SYSTEMS, INC. DERIVATIVE
13 LITIGATION

Case No. C 05-02233 CRB

~~PROPOSED~~ ORDER SETTING SCHEDULE
FOR SPECIAL LITIGATION COMMITTEE

14 This Document Relates to:

15 ALL ACTIONS
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18 WHEREAS, on June 12, 2008, the Court held a case-management conference in the
19 above-captioned action to consider the status of the case and the report presented by counsel for
20 the Special Litigation Committee (the "SLC") of the Board of Directors of nominal defendant
21 Brocade Communications Systems, Inc. ("Brocade"), which has been granted plenary authority to
22 handle this consolidated derivative action and other related derivative actions on behalf of
23 Brocade; and

24 WHEREAS the Court heard argument from counsel for the SLC, on behalf of Brocade,
25 and from the derivative plaintiffs' counsel concerning how these actions should proceed over the
26 next few months; and

27 WHEREAS the SLC's counsel, on behalf of Brocade, informed the Court that (i) the SLC
28 has adopted a Resolution resolving that Brocade should assert claims against 11 prospective

1 defendants for matters relating to Brocade's historical stock-option practices and its accounting
2 for those stock options; (ii) the SLC wished to give those prospective defendants the opportunity
3 to make a written submission by June 27, 2008 explaining why they believe the SLC, on behalf of
4 Brocade, should not take action against them; (iii) the SLC will finalize its Resolution by July 11,
5 2008, after receiving any submissions from the prospective defendants; (iv) the SLC intends to
6 file an amended Complaint in the above-captioned action and to move to dismiss or stay the other
7 related derivative actions against Brocade for failure to make a pre-suit demand or to show why a
8 demand would have been futile, and (v) the SLC intends to meet with all derivative plaintiffs'
9 counsel in the upcoming weeks to discuss plaintiffs' counsel's role (if any) in the further progress
10 of this action; and

11 WHEREAS the Court has been informed that, on June 13, 2008, the SLC's counsel sent
12 notices to the prospective defendants informing them that the SLC has decided to assert claims
13 against them on behalf of Brocade and that the prospective defendants could make any written
14 submissions to the SLC by June 27, 2008;

15 NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

16 1. The SLC, on behalf of Brocade, shall finalize its conclusions about what claims (if
17 any) to pursue at the present time on behalf of Brocade after it receives and examines the
18 submissions from the prospective defendants due on June 27, 2008.

19 2. On or before August 1, 2008, the SLC shall file any amended Complaint it wishes
20 to present to the Court, as well as any motions to dismiss or stay the other related derivative
21 actions against Brocade.

22 3. All discovery in this action is stayed until further notice.
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1 4. Plaintiffs may file any motions they wish to file, but no responses need be filed
2 until after August 1, 2008. If plaintiffs do file any motions, plaintiffs should attempt to work out
3 a schedule with counsel for Brocade and for all affected defendants, so that Brocade does not
4 need to respond to the motions while it is preparing its amended Complaint and motions to
5 dismiss or stay, as described above.

6 SO ORDERED this 18th day of June, 2008.

